

AMENDED IN SENATE APRIL 15, 2013

**SENATE BILL**

**No. 1**

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**Introduced by Senator Steinberg**

December 3, 2012

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An act to add Part 1.86 (commencing with Section 34191.10) to Division 24 of the Health and Safety Code, and to amend Section 21094.5 of the Public Resources Code, relating to economic development, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Steinberg. Sustainable Communities Investment Authority.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies.

Existing law provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain public entities of a Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met. The bill would authorize the legislative

body of a city or county forming an authority to dedicate any portion of its net available revenue, as defined, to the authority through its Sustainable Communities Investment Plan. The bill would require the authority to contract for an independent financial and performance audit every 5 years.

The bill would establish prequalification requirements for entities that will receive more than \$1,000,000 from the Sustainable Communities Investment Authority and would require the Department of Industrial Relations to monitor and enforce compliance with prevailing wage requirements for specified projects within a Sustainable Communities Investment Area. The bill would deposit moneys received by the department from developer charges related to the costs of monitoring and enforcement in the State Public Works Enforcement Fund. By depositing a new source of revenue in the State Public Works Enforcement Fund, a continuously appropriated special fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Part 1.86 (commencing with Section 34191.10)  
2 is added to Division 24 of the Health and Safety Code, to read:

3  
4 PART 1.86. SUSTAINABLE COMMUNITIES INVESTMENT  
5 PROGRAM

6  
7 CHAPTER 1. GENERAL PROVISIONS

8  
9 34191.10. (a) The Legislature finds and declares that better  
10 economic development patterns in California can contribute to  
11 greater economic growth by creating good jobs, reducing commuter  
12 times for employees, reducing the costs of public infrastructure,  
13 and reducing energy consumption. Better development patterns  
14 may also result in increased options in the type of housing  
15 available, more affordable housing, and a reduction in a  
16 household's combined housing and transportation costs.

17 (b) The construction industry has been one of the sectors hardest  
18 hit by the economic downturn of recent years. Creating incentives

1 for construction can help restore construction and permanent jobs,  
2 which are essential for a restoration of prosperity.

3 (c) Economic development patterns can also help California  
4 attain some of its long-term strategic environmental objectives  
5 including reduced air pollution, greater water conservation, reduced  
6 energy consumption, and increased farmland and habitat  
7 preservation.

8 (d) Implementation of the growth plans identified by the  
9 metropolitan planning organizations in their sustainable  
10 communities strategies, and in particular the development of areas  
11 identified for transit priority projects, is essential if California is  
12 to achieve the multiple benefits that would result from economic  
13 development. Implementation of growth plans in transit priority  
14 project areas requires redevelopment of existing developed areas.

15 (e) In addition to economic pressures from the current recession,  
16 development of transit priority projects remains challenging.  
17 Infrastructure is often old and inadequate. Sites may suffer from  
18 contamination that is expensive to remediate. The high construction  
19 costs in urban areas, particularly for multifamily dwellings, create  
20 an additional challenge. For these reasons, it is critical to restructure  
21 and refocus redevelopment in California to assist in achievement  
22 of these multiple benefits.

23 (f) At the same time, California cannot afford a redevelopment  
24 program that causes schools to lose revenue at a time when  
25 investing in education is also key to the state's economic  
26 prosperity. A growth plan for the state consistent with regional  
27 sustainable communities strategies must also provide that schools  
28 are able to play their full role in achieving the future of California.  
29 In this regard, Section 16 of Article XVI of the California  
30 Constitution does not require that all taxing agencies set aside their  
31 portion of future property tax for tax increment. It defines taxing  
32 agencies disjunctively as "any city, county, city and county, district,  
33 or other public corporation."

34 (g) The elimination of redevelopment agencies has resulted in  
35 the loss of approximately one billion dollars (\$1,000,000,000)  
36 annually in low- and moderate-income housing funds for  
37 communities throughout the state. Communities need alternative  
38 sources of revenue to support the continued production of  
39 affordable housing units.

1 (h) The Legislature finds that a comprehensive strategy for the  
2 long-term economic development of the state must encourage the  
3 creation of good jobs and workforce skills needed to attract and  
4 retain a high-wage workforce, in addition to public infrastructure  
5 requirements. Public investments in human capital are as vital to  
6 the long-term growth of the state's economy as investments in  
7 physical capital.

8 34191.11. The Legislature further finds and declares that  
9 inefficient land use patterns cause an increased economic burden  
10 on taxpayers for the costs of an inefficient transportation  
11 infrastructure, and create a high combined economic cost of  
12 housing and transportation for California residents. These  
13 development patterns have also contributed to declining property  
14 values and foreclosures in many communities. They create further  
15 economic risks for the agricultural industry, the largest industry  
16 in California, through the loss of critical farmland. They also result  
17 in increased air pollution, energy consumption, and greenhouse  
18 gas emissions which impose additional costs on business and  
19 damage public health. They also lead to inefficient consumption  
20 of water, a critical resource for all of California.

21 34191.12. The Legislature finds and declares that the  
22 interrelated problems identified in this chapter are a form of blight  
23 that can be addressed through a new Sustainable Communities  
24 Investment Program.

25 34191.13. In order to more effectively address blight, the  
26 program shall be established to support development in transit  
27 priority project areas and small walkable communities and to  
28 support clean energy manufacturing through tax increment revenue.  
29 This new program shall use tax increment revenue to fight blight  
30 as it is understood in the contemporary setting without including  
31 those aspects of the former redevelopment program that created  
32 so much controversy, including the manipulation of the definition  
33 of blight and the use of the school share of tax increment revenue,  
34 such that it became a drain on the General Fund. The new program,  
35 focused on certain geographic areas and sites, shall require greater  
36 levels of intergovernmental collaboration.

37 34191.14. It is the intent of the Legislature in establishing the  
38 Sustainable Communities Investment Program to create a new,  
39 collaborative structure for the creation of a governing board for a  
40 Sustainable Communities Investment Authority and to allow

1 governmental entities through a consensual process to invest tax  
2 increment revenue to relieve conditions of blight as prescribed by  
3 the Legislature. The new authority shall have new planning  
4 obligations and, in particular, shall have a new focus on the job  
5 creation associated with new economic development. To the extent  
6 not inconsistent with the new program, the authority shall be able  
7 to exercise the powers of the former redevelopment agencies, but  
8 only as part of this newly created and reformed program.

9 34191.15. For purposes of this part, “authority” or “Sustainable  
10 Communities Investment Authority” means the entity formed under  
11 Chapter 2 (commencing with Section 34191.20).  
12

13 CHAPTER 2. SUSTAINABLE COMMUNITIES INVESTMENT  
14 AUTHORITY  
15

16 34191.20. (a) A Sustainable Communities Investment  
17 Authority is a public body, corporate and politic, that may be  
18 created by the appointment of a governing board as provided in  
19 subdivision ~~(d)~~ (e). The authority shall comply with the provisions  
20 of this part, the Community Redevelopment Law (Part 1  
21 (commencing with Section 33000)), excluding Sections 33401,  
22 33492.140, 33607, 33607.5, 33607.7, 33676, and any other similar  
23 payment provision of that part, Part 1.5 (commencing with Section  
24 34000), Part 1.6 (commencing with Section 34050), and Part 1.7  
25 (commencing with Section 34100), to the extent not inconsistent  
26 with this part. The authority shall not be subject to the provisions  
27 of Part 1.8 (commencing with Section 34161) and Part 1.85  
28 (commencing with Section 34170).

29 (b) The authority shall be deemed to be an “agency” pursuant  
30 to Section 33003 and shall have all the rights, responsibilities, and  
31 obligations of an agency. For purposes of this part, a project area  
32 shall be referred to as a Sustainable Communities Investment Area  
33 and a redevelopment plan shall be referred to as a Sustainable  
34 Communities Investment Plan.

35 (c) An authority created pursuant to this part may rely on the  
36 legislative determination of blight and shall not be required to  
37 make a separate finding of blight or conduct a survey of blight  
38 within the project area.

39 (d) *A city or county that created a redevelopment agency that*  
40 *was dissolved pursuant to Part 1.85 (commencing with Section*

1 34170) of Division 24 shall not form a Sustainable Communities  
2 Investment Authority under this section unless the successor agency  
3 or designated local authority for the former redevelopment agency  
4 has received a finding of completion from the Department Finance  
5 pursuant to Section 34179.7.

6 ~~(d)~~

7 (e) An authority may be created as follows:

8 (1) A city, county, city and county, or a special district may  
9 create an authority pursuant to this part by entering into a joint  
10 powers agreement under Chapter 5 (commencing with Section  
11 6500) of Division 7 of Title 1 of the Government Code. The joint  
12 powers agreement shall establish a governing board and designate  
13 the Sustainable Communities Investment Area.

14 (2) A city may create an authority, appoint the authority  
15 governing board, designate a Sustainable Communities Investment  
16 Area within the city's incorporated area, and establish the  
17 parameters of the proposed economic development within a  
18 proposed Sustainable Communities Investment Area with county  
19 approval of the economic development parameters and the  
20 Sustainable Communities Investment Plan, including any  
21 amendments to the plan.

22 (3) A city and a county may create an authority and appoint the  
23 authority governing board, which shall be comprised of two  
24 members appointed by the city and two members appointed by the  
25 county. A fifth member shall be appointed by the two city and the  
26 two county members. The governing board shall designate the  
27 Sustainable Communities Investment Area. A Sustainable  
28 Communities Investment Plan, including any amendments to it,  
29 shall be approved by both the city and the county. The Sustainable  
30 Communities Investment Area may include an incorporated area  
31 or both an incorporated area and an unincorporated area.

32 (4) If the Sustainable Communities Investment Area is within  
33 an unincorporated area, the board of supervisors of a county may  
34 create an authority and appoint the authority governing board.

35 (5) A city may create an authority, which shall constitute a  
36 legally distinct entity from that city, and appoint the authority  
37 governing board, which may designate a Sustainable Communities  
38 Investment Area only within the incorporated limits of that city.

39 ~~(e)~~

1 (f) If an authority is created pursuant to this section by an entity  
2 that is a city and county the governing body shall be composed of  
3 five members appointed by the mayor of the city, if that  
4 appointment is subject to confirmation by the county board of  
5 supervisors.

6 ~~(f)~~

7 (g) Any city or county approval under this section shall be by  
8 resolution of the legislative body.

9 ~~(g)~~

10 (h) A taxing agency participating in or approving the formation  
11 of a Sustainable Communities Investment Authority or appointing  
12 governing board members may authorize an allocation to the  
13 authority of all or part of the tax increment revenue that otherwise  
14 would be paid to that taxing agency.

15 ~~(h)~~

16 (i) A governing board appointed pursuant to this section shall  
17 consist of five members. The members of any governing board  
18 formed pursuant to this part shall be appointed for four-year terms  
19 and shall be removed by the appointing authority only for cause.  
20 The initial appointees to the governing board shall serve either  
21 two-year or four-year terms and shall draw their terms by lot. An  
22 authority created pursuant to this section shall be deemed to be a  
23 local public agency subject to the Ralph M. Brown Act (Chapter  
24 9 (commencing with Section 54950) of Part 1 of Division 2 of  
25 Title 5 of the Government Code), the California Public Records  
26 Act (Chapter 3.5 (commencing with Section 6250) of Division 7  
27 of Title 1 of the Government Code), *the Meyers-Milias-Brown Act*  
28 *(Chapter 10 (commencing with Section 3500) of Division 4 of Title*  
29 *1 of the Government Code)*, and the Political Reform Act of 1974  
30 (Title 9 (commencing with Section 81000) of the Government  
31 Code). *The governing board shall adopt policies regarding the*  
32 *use of personal service contracts to the standards set forth in*  
33 *Section 19130 of the Government Code that apply to the authority*  
34 *and its employees.*

35 ~~(i)~~

36 (j) A school district shall be excluded from participating in a  
37 Sustainable Communities Investment Authority.

## 1 CHAPTER 3. SUSTAINABLE COMMUNITIES INVESTMENT AREAS

2  
3 34191.25. (a) A Sustainable Communities Investment Area  
4 shall include only the following:

5 (1) Transit priority project areas, which are areas where a transit  
6 priority project, as defined in Section 21155 of the Public  
7 Resources Code, may be constructed, provided that if the  
8 Sustainable Communities Investment Area is based on proximity  
9 to a planned major transit stop or a high-quality transit corridor,  
10 the stop or the corridor must be scheduled to be completed within  
11 the planning horizon established by Section 450.322 of Title 23  
12 of the Code of Federal Regulations. For purposes of this paragraph,  
13 a transit priority project area may include a military base reuse  
14 plan that meets the definition of a transit priority project area and  
15 it may include a contaminated site within a transit priority project  
16 area.

17 (A) If the Sustainable Communities Investment Area includes  
18 a high-speed rail station, the radius of the area may be up to one  
19 mile from a high-speed rail station. If the project area consists of  
20 a radius greater than one-half of one mile, at least 50 percent of  
21 tax increment revenue derived from the area shall be used to  
22 support construction of the high-speed rail station and related  
23 infrastructure.

24 (B) All or part of a transit priority project area may be included  
25 in the Sustainable Communities Investment Area or an area may  
26 include one or more contiguous transit priority project areas. One  
27 or more Sustainable Communities Investment Areas may be created  
28 pursuant to subdivision-(d) (e) of Section 34191.20.

29 (C) Transit priority project areas shall be within the geographic  
30 boundaries of a metropolitan planning organization in which a  
31 sustainable communities strategy has been adopted by the  
32 metropolitan planning organization, and the State Air Resources  
33 Board, pursuant to subparagraph (H) of paragraph (2) of  
34 subdivision (b) of Section 65080 of the Government Code, has  
35 accepted the metropolitan planning organization's determination  
36 that the sustainable communities strategy would, if implemented,  
37 achieve the region's greenhouse gas emission reduction targets.

38 (2) Areas that are small walkable communities, as defined in  
39 paragraph (4) of subdivision (e) of Section 21094.5 of the Public  
40 Resources Code, except that small walkable communities may

1 also be designated in a city that is within the area of a metropolitan  
2 planning organization. No more than one small walkable  
3 community project area shall be designated within a city. All or  
4 part of a small walkable community may be included in the  
5 Sustainable Communities Investment Area.

6 (b) Sites that have land use approvals, covenants, conditions  
7 and restrictions, or other effective controls restricting the sites to  
8 clean energy manufacturing, and that are consistent with the use,  
9 designation, density, building intensity, and applicable policies  
10 specified for the Sustainable Communities Investment Area in the  
11 applicable sustainable communities strategy, if those sites are  
12 within the geographic boundaries of a metropolitan planning  
13 organization. Clean energy manufacturing shall consist of the  
14 manufacturing of any of the following:

15 (1) Components, parts, or materials for the generation of  
16 renewable energy resources.

17 (2) Equipment designed to make buildings more energy efficient  
18 or the component parts thereof.

19 (3) Public transit vehicles or the component parts thereof.

20 (4) Alternative fuel vehicles or the component parts thereof.

21  
22 CHAPTER 4. SUSTAINABLE COMMUNITIES INVESTMENT PLAN  
23

24 34191.26. ~~(a)~~—A Sustainable Communities Investment Plan  
25 may include a provision for the receipt of tax increment funds  
26 according to Section 33670, provided that the local government  
27 with land use jurisdiction has adopted ~~all~~ *both* of the following:

28 ~~(1)~~

29 (a) A sustainable parking standards ordinance that restricts  
30 parking in transit priority project areas to encourage transit use to  
31 the greatest extent feasible.

32 ~~(2)~~

33 (b) An ordinance creating a jobs plan that requires all entities  
34 receiving financial support from the authority to enter into an  
35 agreement with the authority describing how the project will do  
36 both of the following:

37 ~~(A)~~

38 (1) Further construction careers that pay prevailing wages and  
39 create living wage permanent jobs.

40 ~~(B)~~

(2) Implement a program for community outreach, local hire, and job training that includes disadvantaged California residents, including veterans of the Iraq and Afghanistan wars, people with a history in the criminal justice system, and single-parent families.

~~(3)~~

(c) For transit priority project areas and small walkable communities within a metropolitan planning organization, a plan consistent with the use designation, density, building intensity, and applicable policies specified for the Sustainable Communities Investment Area in the sustainable communities strategy.

~~(4)~~

(d) Within small walkable communities outside a metropolitan planning organization, a plan for new residential construction that provides a density of at least 20 dwelling units per net acre and, for nonresidential uses, provides a minimum floor area ratio of 0.75.

~~(b) For areas referred to in paragraph (4) of subdivision (a), the authority shall consult with the metropolitan planning organization to obtain its opinion whether the plan is consistent with the use designation, density, building intensity, and applicable policies for the project area in the sustainable communities strategy.~~

(e) *An ordinance that does both of the following:*

(1) *Prohibits the number of housing units occupied by extremely low, very low, and low-income households, including the number of bedrooms in those units, in the Sustainable Communities Investment Area at the time the Sustainable Communities Investment Authority is established from being reduced during the effective period of the Sustainable Communities Investment Plan.*

(2) *Requires the replacement of dwelling units that house extremely low, very low, or low-income households, upon their removal from the Sustainable Communities Investment Area, pursuant to subdivision (a) of Section 33413 within two years of their displacement.*

34191.27. (a) Upon adoption of a Sustainable Communities Investment Plan that includes the tax increment financing provision authorized by ~~subdivision (a) of~~ Section 34191.26, the county auditor-controller shall allocate tax increment revenue to the authority as follows:

(1) If the authority was formed pursuant to paragraph (1) of ~~subdivision (d)~~ (e) of Section 34191.20, the authority shall be

1 allocated each year specified in the plan that portion of the levied  
2 taxes for each city, county, city and county, and special district  
3 that is a party to the joint powers authority in excess of the amount  
4 specified in subdivision (a) of Section 33670.

5 (2) If the authority was formed pursuant to paragraph (2) or (3)  
6 of subdivision-~~(d)~~ (e) of Section 34191.20, the authority shall be  
7 allocated each year specified in the plan that portion of the levied  
8 taxes for the city and the county in excess of the amount specified  
9 in subdivision (a) of Section 33670.

10 (3) If the authority was formed pursuant to paragraph (4) of  
11 subdivision-~~(d)~~ (e) of Section 34191.20, the authority shall be  
12 allocated each year specified in the plan that portion of the levied  
13 taxes for the county in excess of the amount specified in  
14 subdivision (a) of Section 33670.

15 (4) If the authority was formed pursuant to paragraph (5) of  
16 subdivision-~~(d)~~ (e) of Section 34191.20, the authority shall be  
17 allocated each year specified in the plan that portion of the levied  
18 taxes for the city in excess of the amount specified in subdivision  
19 (a) of Section 33670.

20 (5) Any city, county, city and county, or special district may,  
21 by resolution of its board, authorize the county auditor-controller  
22 to allocate that portion of the levied taxes for that entity in excess  
23 of the amount specified in subdivision (a) of Section 33670.

24 (6) Any allocation of revenues to the authority made pursuant  
25 to this subdivision shall be adjusted to comply with the provisions  
26 of subdivision-~~(g)~~ (h) of Section 34191.20.

27 (7) Proceeds of taxes levied for a school district that are in  
28 excess of the amount specified in subdivision (a) of Section 33670  
29 shall not be pledged or allocated to an authority created by any of  
30 the governance structures specified in subdivision-~~(d)~~ (e) of Section  
31 34191.20.

32 (8) Notwithstanding any other law, the county auditor-controller  
33 shall allocate to the authority a taxing agency's portion of tax  
34 increment revenues only if the governing body of the taxing agency  
35 adopts a resolution authorizing the allocation. A taxing agency  
36 that adopts a resolution shall not revoke the county  
37 auditor-controller's authority pursuant to this section if revocation  
38 would impair the authority's ability to honor existing obligations  
39 secured by tax increment revenues.

(b) If a Sustainable Communities Investment Area includes, in whole or in part, land formerly or currently designated as a part of a redevelopment project area, as defined in Section 33320.1, any Sustainable Communities Investment Plan adopted pursuant to this part that includes a provision for the receipt of tax increment revenues according to Section 33670 shall include a provision that tax increment amounts collected and received by an authority are subject and subordinate to any preexisting enforceable obligation, as that term is defined in Section 34171.

(c) The legislative body of the city or county forming an authority may choose to dedicate any portion of its net available revenue to the authority through the Sustainable Communities Investment Plan. The plan shall state that net available revenue from the city or county may be used by the authority in accordance with this part, and state the maximum portion of the net available revenue to be committed to the authority for each year during which the authority will receive these revenues. The portion may vary over time. The plan shall state the date upon which the authority will cease to receive net available revenue. The city or county may direct the county auditor-controller to transfer any portion of the net available revenue to the authority and the county auditor-controller may collect administrative costs from the authority.

(d) For purposes of this section, “net available revenue” means periodic distributions to the city or county from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5, that are available to the city or county after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170). Net available revenue shall include only revenue remaining after all current distributions, including, but not limited to, payment of enforceable obligations, all distributions to other taxing entities, and applicable administrative fees, have been made.

(e) In accordance with Section 33334.2 and all other applicable affordable housing provisions of the Community Redevelopment Law (Part 1 (commencing with Section ~~33000~~ 33000)), an authority that includes in its Sustainable Communities Investment Plan a provision for the receipt of tax increment revenues according to Section 33670 shall dedicate no less than ~~20~~ 25 percent of allocated tax increment revenues for affordable housing purposes.

34191.28. A Sustainable Communities Investment Plan, in addition to the applicable requirements of Part 1 (commencing with Section 33000) shall include all of the following:

(a) A fiscal analysis setting forth the projected receipt of tax increment and other revenue and projected expenses over five-year planning horizons for the life of the authority.

(b) A statement of the principal goals and objectives of the plan together with findings of the public purposes and uses that will be achieved.

(c) A statement of how the plan will relieve blight as follows:

(1) How it will implement the goals of a sustainable communities strategy, if the Sustainable Communities Investment Area is within a metropolitan planning organization.

(2) How it will contribute to a more efficient transportation infrastructure.

(3) How it will contribute to a reduced cost for the combined costs of housing and transportation for California residents.

(4) How it will contribute to improved public health.

(5) How it will promote more efficient water consumption.

(6) How it will avoid loss of prime farmland.

(7) How it will reduce air pollution, energy consumption, *correction* and greenhouse gas emissions by reducing vehicle miles traveled.

(8) *How it will reduce energy consumption by facilitating clean energy manufacturing.*

(9) *How it will ensure compliance with the affordable housing maintenance and preservation requirements contained in subdivision (e) of Section 34191.26.*

(d) A statement of how the plan will implement the sustainable parking standards adopted pursuant to ~~paragraph (1) of subdivision (a)~~ of Section 34191.26.

(e) A statement of how the plan will implement the jobs plan adopted pursuant to ~~paragraph (2) of subdivision (a)~~ *(b)* of Section 34191.26.

(f) In addition to satisfying the requirements of Part 1 (commencing with Section 33000), a Sustainable Communities Investment Plan may include, to the extent applicable to the area, any of the following:

(1) Farmworker housing.

1 (2) Transitional and supportive housing including, but not  
2 limited to, former foster youth, persons with mental health  
3 treatment needs, persons with substance use disorder treatment  
4 needs, and various offender populations.

5 (3) Health and safety related infrastructure investments for  
6 disadvantaged and rural communities.

7 (4) Infrastructure investments to support countywide services  
8 including, but not limited to, health clinics, hospitals, medical  
9 provider offices, child care facilities, day reporting centers, and  
10 grocery stores in food desert areas.

11 34191.29. A state or local public pension fund system  
12 authorized by state law or local charter, respectively, including,  
13 but not limited to, the Public Employees' Retirement System, the  
14 State Teachers' Retirement System, a system established under  
15 the County Employees Retirement Law of 1937, ~~Chapter~~ (Chapter  
16 3 (commencing with Section 31450) of Part 3 of Division 4 of  
17 Title 3 of the Government Code, Code), or an independent system,  
18 may invest capital in the public infrastructure projects and private  
19 commercial and residential developments undertaken by an  
20 authority.

21 34191.30. (a) An authority may exercise the full powers  
22 granted under Chapter 2.8 (commencing with Section 53395) of  
23 Part 1 of Division 2 of Title 5 of the Government Code and the  
24 Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
25 (commencing with Section 6584) of Chapter 5 of Division 7 of  
26 Title 1 of the Government Code).

27 (b) An authority may implement a local transactions and use  
28 tax under Part 1.6 (commencing with Section 7251) of Division 2  
29 of the Revenue and Taxation Code, except that the resolution  
30 authorizing the tax may designate the use of the proceeds of the  
31 tax.

32 (c) An authority may issue bonds paid for with authority  
33 proceeds, which shall be deemed to be special funds to be expended  
34 by the authority for the purposes of carrying out this part.

35 (d) School district property tax revenues shall not be pledged  
36 for the repayment of bonds issued by the authority.

37 34191.31. (a) Every five years the authority shall contract for  
38 an independent financial and performance audit. The audit shall  
39 be conducted according to guidelines established by the Controller.  
40 A copy of the completed audit shall be provided to the Controller,

1 the Director of the Department of Finance, and to the Joint  
2 Legislative Budget Committee. The Controller shall not be required  
3 to review and approve the completed audits.

4 *(b) The guidelines established by the Controller shall include*  
5 *guidelines for determining compliance with the affordable housing*  
6 *maintenance and replacement requirements of subdivision (e) of*  
7 *Section 34191.26, including provisions to ensure that the*  
8 *requirements are met within each five-year period covered by the*  
9 *audit. A finding of failure to comply with the requirements of*  
10 *subdivision (e) of Section 34191.26 shall require the authority to*  
11 *adopt and submit to the Controller, as part of the audit, a plan to*  
12 *achieve compliance with those provisions as soon as feasible but*  
13 *in not less than two years following the findings. The Controller*  
14 *shall review and approve the plan, and require the plan to stay in*  
15 *effect until compliance is achieved. The Controller shall ensure*  
16 *that the plan includes one or more of the following means of*  
17 *achieving compliance:*

18 *(1) The expenditure of an additional 10 percent of gross tax*  
19 *increment revenue on increasing, preserving, and improving the*  
20 *supply of low-income housing.*

21 *(2) An increase in the production, by an additional 10 percent,*  
22 *of housing for very low income households as required by*  
23 *paragraph (2) of subdivision (b) of Section 33413.*

24 *(3) The targeting of expenditures pursuant to Section 3334.2*  
25 *exclusively to rental housing affordable to, and occupied by*  
26 *persons of very low and extremely low income.*

27  
28 CHAPTER 5. PREQUALIFICATION REQUIREMENTS  
29

30 34191.35. All entities that will receive in excess of one million  
31 dollars (\$1,000,000) from the Sustainable Communities Investment  
32 Authority, including projects undertaken by private developers,  
33 shall comply with the following prequalification process for all  
34 construction contracts or subcontracts:

35 (a) The entity shall require that each prospective bidder on a  
36 construction contract complete and submit to the authority a  
37 standardized questionnaire and financial statement in a form  
38 specified by the authority that includes a complete statement of  
39 the prospective bidder's financial ability and experience in  
40 performing large construction contracts. The questionnaire and

1 financial statement shall be verified under oath by the bidder in  
2 the manner in which civil pleadings in civil actions are verified.  
3 The questionnaires and financial statements shall not be public  
4 records and shall not be open to public inspection.

5 (b) The entity receiving funding from the authority shall adopt  
6 and apply a uniform system of rating bidders on the basis of the  
7 completed questionnaires and financial statements, in order to  
8 determine the size of the contracts, if any, upon which each bidder  
9 shall be deemed qualified to bid.

10 (c) The questionnaire described in subdivision (a) and the  
11 uniform system of rating bidders described in subdivision (b) shall  
12 cover, at a minimum, the issues covered by the standardized  
13 questionnaire and model guidelines for rating bidders developed  
14 by the Department of Industrial Relations pursuant to subdivision  
15 (a) of Section 20101 of the Public Contract Code.

16 (d) For purposes of this section, bidders shall include all  
17 subcontractors performing work on a contract in excess of 3 percent  
18 of the total cost.

19 (e) A bid shall not be accepted from any person or entity who  
20 is required to submit a completed questionnaire and financial  
21 statement for prequalification pursuant to subdivision (a) but has  
22 not done so by the deadline set by the entity or who has not been  
23 prequalified by the authority prior to the deadline for submission  
24 of bids.

25 (f) This section shall not prevent an entity or the authority itself  
26 from establishing additional prequalification requirements.

27 34191.36. (a) (1) Within a Sustainable Communities  
28 Investment Area, the Department of Industrial Relations shall  
29 monitor and enforce compliance with prevailing wage requirements  
30 for any project paid for in whole or part out of public funds, within  
31 the meaning of subdivision (b) of Section 1720 of the Labor Code  
32 that include funds of a Sustainable Communities Investment  
33 Authority and shall charge each awarding body or developer for  
34 the reasonable and directly related costs of monitoring and  
35 enforcing compliance with the prevailing wage requirements on  
36 each project.

37 (2) All moneys received by the department pursuant to this  
38 section shall be deposited in the State Public Works Enforcement  
39 Fund created by Section 1771.3 of the Labor Code.

1 (b) Paragraph (1) of subdivision (a) shall not apply to any project  
2 paid for in whole or part out of public funds if the awarding body  
3 or developer has entered into a collective bargaining agreement  
4 that binds all of the contractors performing work on the project  
5 and includes a mechanism for resolving disputes about the payment  
6 of wages.

7 SEC. 2. Section 21094.5 of the Public Resources Code is  
8 amended to read:

9 21094.5. (a) (1) If an environmental impact report was  
10 certified for a planning level decision of a city or county, the  
11 application of this division to the approval of an infill project shall  
12 be limited to the effects on the environment that (A) are specific  
13 to the project or to the project site and were not addressed as  
14 significant effects in the prior environmental impact report or (B)  
15 substantial new information shows the effects will be more  
16 significant than described in the prior environmental impact report.  
17 A lead agency's determination pursuant to this section shall be  
18 supported by substantial evidence.

19 (2) An effect of a project upon the environment shall not be  
20 considered a specific effect of the project or a significant effect  
21 that was not considered significant in a prior environmental impact  
22 report, or an effect that is more significant than was described in  
23 the prior environmental impact report if uniformly applicable  
24 development policies or standards adopted by the city, county, or  
25 the lead agency, would apply to the project and the lead agency  
26 makes a finding, based upon substantial evidence, that the  
27 development policies or standards will substantially mitigate that  
28 effect.

29 (b) If an infill project would result in significant effects that are  
30 specific to the project or the project site, or if the significant effects  
31 of the infill project were not addressed in the prior environmental  
32 impact report, or are more significant than the effects addressed  
33 in the prior environmental impact report, and if a mitigated negative  
34 declaration or a sustainable communities environmental assessment  
35 could not be otherwise adopted, an environmental impact report  
36 prepared for the project analyzing those effects shall be limited as  
37 follows:

38 (1) Alternative locations, densities, and building intensities to  
39 the project need not be considered.

(2) Growth inducing impacts of the project need not be considered.

(c) This section applies to an infill project that satisfies both of the following:

(1) The project satisfies any of the following:

(A) Is consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy for which the State Air Resources Board, pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 65080 of the Government Code, has accepted a metropolitan planning organization's determination that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the greenhouse gas emission reduction targets.

(B) Consists of a small walkable community project located in an area designated by a city for that purpose.

(C) Is located within the boundaries of a metropolitan planning organization that has not yet adopted a sustainable communities strategy or alternative planning strategy, and the project has a residential density of at least 20 units per net acre or a floor area ratio of at least 0.75.

(2) Satisfies all applicable statewide performance standards contained in the guidelines adopted pursuant to Section 21094.5.5.

(d) This section applies after the Secretary of the Natural Resources Agency adopts and certifies the guidelines establishing statewide standards pursuant to Section 21094.5.5.

(e) For the purposes of this section, the following terms mean the following:

(1) "Infill project" means a project that meets the following conditions:

(A) Consists of any one, or combination, of the following uses:

(i) Residential.

(ii) Retail or commercial, where no more than one-half of the project area is used for parking.

(iii) A transit station.

(iv) A school.

(v) A public office building.

(B) Is located within an urban area on a site that has been previously developed, or on a vacant site where at least 75 percent

1 of the perimeter of the site adjoins, or is separated only by an  
2 improved public right-of-way from, parcels that are developed  
3 with qualified urban uses.

4 (2) “Planning level decision” means the enactment or  
5 amendment of a general plan, community plan, specific plan, or  
6 zoning code.

7 (3) “Prior environmental impact report” means the  
8 environmental impact report certified for a planning level decision,  
9 as supplemented by any subsequent or supplemental environmental  
10 impact reports, negative declarations, or addenda to those  
11 documents.

12 (4) “Small walkable community project” means a project that  
13 is located in a small walkable community project area. A small  
14 walkable community project area means an area within an  
15 incorporated city that is not within the boundary of a metropolitan  
16 planning organization and meets all of the following requirements:

17 (A) Has a project area of approximately one-quarter mile  
18 diameter of contiguous land completely within the existing  
19 incorporated boundaries of the city.

20 (B) Has a project area that includes a residential area adjacent  
21 to a retail downtown area.

22 (C) The project area has an average net density of at least eight  
23 dwelling units per net acre or a floor area ratio for retail or  
24 commercial use of not less than 0.50. For purposes of this  
25 subparagraph: (i) ~~“Floor~~ “*floor* area ratio” means the ratio of gross  
26 building area (GBA) of development, exclusive of structured  
27 parking areas, proposed for the project divided by the total net lot  
28 area (NLA); (ii) “gross building area” means the sum of all finished  
29 areas of all floors of a building included within the outside faces  
30 of its exterior walls; and (iii) “net lot area” means the area of a lot  
31 excluding publicly dedicated land, private streets that meet local  
32 standards, and other public use areas as determined by the local  
33 land use authority.

34 (5) “Urban area” includes either an incorporated city or an  
35 unincorporated area that is completely surrounded by one or more  
36 incorporated cities that meets both of the following criteria:

37 (A) The population of the unincorporated area and the  
38 population of the surrounding incorporated cities equal a population  
39 of 100,000 or more.

- 1 (B) The population density of the unincorporated area is equal
- 2 to, or greater than, the population density of the surrounding cities.

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